



Title: **ICD-10 and MHS Billing Impacts**

Session: **W-2-1630**



Objectives

- What Will Change?
- Benefits & Advantages of New Codes
- Understanding the Difference between ICD-9 and ICD-10
- How to Build an Inpatient Procedure Code
- Billing Impacts



What Will Change?

- What's Wrong with the System We Have Now?



Why Do We Need a New Coding System?

- The Centers for Medicare & Medicaid Services (CMS) says:
 - Reimbursement – cannot always pay claims fairly
 - Quality – difficult to evaluate medical processes and outcomes



Who Uses ICD-9-CM?

- CMS says we use ICD-9-CM now for:
 - Calculating payment – MS-DRGs
 - Adjudicating coverage – diagnosis codes for all settings
 - Compiling statistics
 - Assessing quality



Benefits of Adopting ICD-10

- Improved ability to measure health care services
- Increased sensitivity when refining grouping and reimbursement methodologies
- Enhanced ability to conduct public health surveillance
- Decreased need to include supporting documentation with claims



Quality Problems with Current ICD-9-CM System

Example: Fracture of wrist. Patient fractures left wrist. A month later, fractures right wrist.

- ICD-9-CM – unable to identify left versus right
- ICD-10-CM describes:
 - Left versus right
 - Initial encounter, subsequent encounter
 - Routine healing, delayed healing, nonunion or malunion



Quality Problems With ICD-9-CM

Example: Combination defibrillator pacemaker device

- Codes for this device are not in the cardiovascular chapter of ICD-9-CM with the other defibrillator and pacemaker devices
- ICD-10-PCS provides distinct codes for all these types of devices in a user-friendly manner



Changes in Volume of Codes

- Currently, there are about 14,000 codes in ICD-9 clinical diagnosis areas
- There are about 4,000 codes in the ICD-9 Volume 3 for operations and procedures
- In ICD-10 there will be 68,000 clinical diagnosis areas
- In ICD-10 PCS there will be about 87,000 codes for operations and procedures
- 14,000 to 68,000 and 4,000 to 87,000



What Will Change?

ICD-10-CM



Diagnoses Will Look Different

- ICD-9- CM currently has 3-5 numerical digits
 - Example ICD-9-CM: 123.45
- ICD-10-CM has 3-7 digits (alpha/numerical)
 - Example ICD-10-CM: S42.001A (fracture of unspecified part of right clavicle, initial encounter for closed fracture)



Some Major Modifications for ICD-10-CM

Includes:

- Added trimesters for Obstetrics
- Added laterality (left/right)
- Harmonized with DSM-IV
- Harmonized with ICD-O-2 for cancer registry



What's The Difference?

Between ICD-10-CM and ICD-10-PCS?



What's the Difference?

- ICD-10-CM is used for both inpatient and outpatient diagnoses
- Who owns ICD-10-CM? (World Health Organization)
- ICD-10-PCS is used for inpatient procedures (we use CPT to identify our outpatient procedures)
- Who owns ICD-10-PCS? (Centers for Medicare and Medicaid Services)



ICD-10-CM

Format and Draft Conventions



ICD-10-CM Format

ICD-10-CM is divided into two main parts:

1. Index (alpha list of terms and code)
2. Tabular List (sequential/alphanumeric list of codes divided into chapters based on body system or condition)



ICD-10-CM Code Structure

- The first character of a three-digit category/letter
- The second and third characters are numbers
- Subcategories are either four or five characters
- Subcategory characters include either letters or numbers
- Codes may be 4 or 5 or 6 characters in length
- The letter “x” is used as a dummy 5th character place-holder
- Example: T36.0x1A (initial encounter for accidental poisoning by penicillin)



ICD-10-CM

Basics for Building the Code



ICD-10-PCS

Background & Development:

- It will replace the current ICD-9-CM Volume 3, which is used to code inpatient procedures
- Currently codes have 3-4 digits – all numeric (12.34)



Volume of Codes

Some perspective on what will be changing:

- Currently – 72,589 codes in the 2009 ICD-10-PCS
- In 2009, approximately 19,067 codes were eliminated from ICD-10-PCS from the medical and surgical section to streamline and refine codes
- For 2009 – 4,740 new codes were added



What's Different?

Some structural differences:

- ICD-10-PCS – has 7 digits
- Numbers 0–9 are used
- Example: 0FB03ZX – excision of liver, percutaneous approach, diagnostic



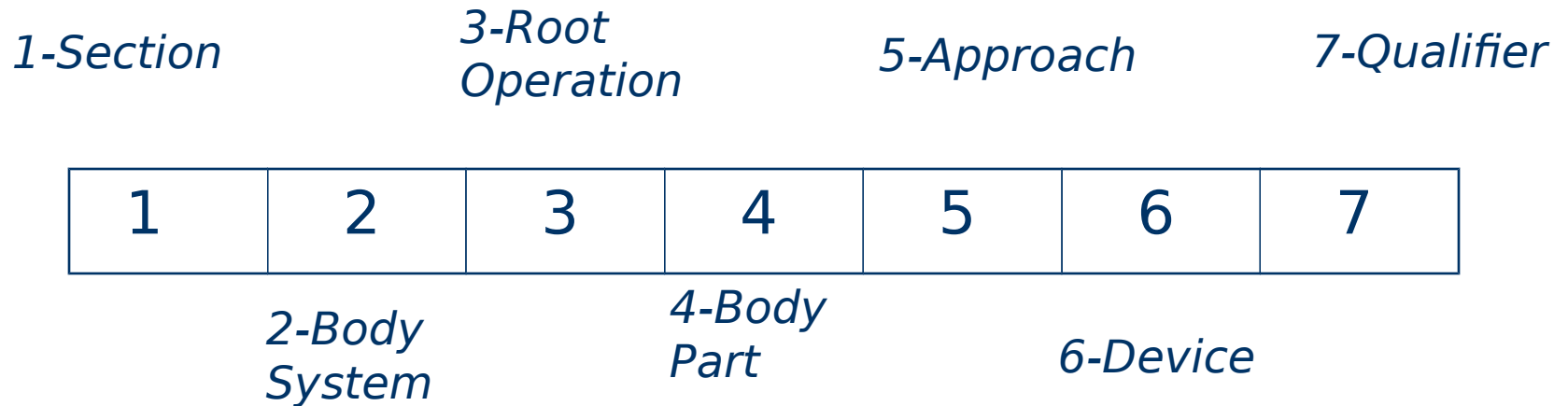
What's Different?

- Completeness: A unique code for all substantially different procedures
- Expandability: As new procedures are developed, the new structure will allow them to be incorporated as unique codes
- Multi-axial codes: Each individual character component retains its meaning
- Standardized terminology: Terms are defined and standardized



ICD-10-PCS Code Structure

Example: ICD-10-PCS Code Structure:





Sections (Character 1)

- 0 - Medical and Surgical
- 1 - Obstetrics
- 2 - Placement
- 3 - Administration
- 4 - Measurement and Monitoring
- 5 - Extracorporeal Assistance and Performance
- 7 - Extracorporeal Therapies



Sections (Character 1)

- 8 - Osteopathic
- 9 - Other Procedures
- 10 - Chiropractic
- B - Imaging
- C - Nuclear Medicine
- D - Radiation Oncology
- F - Physical Rehab & Diagnostic Audiology
- G - Mental Health
- H - Substance Abuse Treatment



Body Systems (Character 2)

- 0 - Central nervous system
- 1 - Peripheral nervous system
- 2 - Heart and great vessels
- 3 - Upper arteries
- 4 - Lower arteries
- 5 - Upper veins
- 6 - Lower veins
- 7 - Lymphatic and hemic system



Body Systems (Character 2)

- 8 - Eye
- 9 - Ear, nose, sinus
- B - Respiratory system
- C - Mouth and throat
- D - Gastrointestinal system
- F - Hepatobiliary system and pancreas
- G - Endocrine System
- H - Skin and Breast
- J - Subcutaneous tissue and fascia
- K - Muscles



Body Systems (Character 2)

- L - Tendons
- M - Bursae and ligaments
- N - Head and facial bones
- P - Upper bones
- Q - Lower bones
- R - Upper joints
- S - Lower joints
- T - Urinary system
- U - Female reproductive system
- V - Male reproductive system
- W - Anatomical regions, general
- X - Anatomical region, upper extremities
- Y - Anatomical region, lower extremities



Root Operations (Character 3)

Alteration

Bypass

Change

Control

Creation

Destruction

Detachment

Dilation

Division

Excision

Extirpation

Extraction

Fragmentation

Fusion

Insertion

Inspection



Root Operations (Character 3)

Map

Occlusion

Reattachment

Release

Removal

Repair

Replacement

Reposition

Resection

Restriction

Revision

Supplement

Transfer

Transplantation



Body Part (Character 4)

- Indicates the specific part of the body system on which the procedure was performed (e.g., duodenum)



Approach - Character 5

There are seven different approaches:

1. Open
2. Percutaneous
3. Percutaneous Endoscopic
4. Via Natural or Artificial Opening
5. Via Natural or Artificial Opening Endoscopic
6. Open with Percutaneous Endoscopic Assistance
7. External



Approach Components

1. Access location
2. Method
3. Type of instrumentation



Device - Character 6

- This character identifies the specific device implanted during the procedure
- Note: Materials that are incidental to a procedure, such as clips or sutures are not specified as devices
- If no device was used - a placeholder of Z is used



Device - (Character 6)

Four general types of devices:

1. Biological or synthetic material that takes the place of all/portion of a body part
2. Biological or synthetic material that assists/prevents a physiological function
3. Therapeutic material that is not absorbed or eliminated by body part
4. Mechanical or electronic appliances used to assist/monitor/take the place of a physiological function



Qualifier - Character 7

- What is a Qualifier?
- A unique value for a procedure
- Example: Destination site for a bypass
- If no qualifier exists – then the placeholder Z is used



ICD-10-PCS Code Structure

Example 1:

- Dilation of coronary artery, one site with drug-eluting intraluminal device, open approach



ICD-10-PCS Code Structure

Answer - 02700DZ

- Specifies the procedure for dilation of one coronary artery using an intraluminal device via percutaneous approach



Examples of ICD-10-PCS Codes

Examples: Procedures coded from the Medical Surgical Section

1. Suture of skin laceration, left lower arm –
ICD-10 code: 0HQEZZ
2. Sigmoidoscopy with Biopsy –
ICD-10 code: 0DBN8ZX



ICD-10 - Billing Impacts



Billing Impacts

Changes:

- Currently – with ICD-9 CM
- 5 digits (all numeric)
- 14,000 unique codes

To:

- ICD-10 CM (Diagnoses)
- 7 digits (alphanumeric characters)
- 80,000 unique codes



Billing Impacts

- Upgrades for multiple IT systems
- Changes associated with the Electronic Medical Record
- Mapping dual coding systems
- Billing Systems data requirements
- Replacement of older systems
- Revising system interfaces
- Developing new reports
- Retraining users



Billing Impacts

- GEMS: CMS has developed GEMS (General Equivalency Mapping System) between ICD-9 and ICD-10, however, no one-to-one direct match
- Each health plan has to directly match ICD-9 to ICD-10 codes and match the rate for reimbursement
- Health plans also need to map against medical policy, claims edits, and reimbursement methods to understand their impacts to business processes and system



Billing Impacts

- System changes will impact:
 - Physicians
 - Nurses
 - Billing
 - Coding
 - Care management
 - Reporting



Billing Impacts

- ICD-10 changes can cause unintended consequences in:
 - Claims backlogs
 - Payment delays
 - Denials (due to coding)
 - Reimbursement



Billing Impacts

- Can include:
 - Multiple system upgrades and testing cycles
 - Significant training
 - Increased claims denials
 - Delayed payments
 - Lost or reduced reimbursement



Freezing the Codes

- The last regular, annual updates to both ICD-9-CM and ICD-10 code sets will be made on October 1, 2011
- On October 1, 2012, there will be only limited code updates to both the ICD-9-CM and ICD-10 code sets to capture new technologies and diseases as required by Section 503(a) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Pub. L. 108-173), enacted on December 8, 2003



Freezing the Codes

- On October 1, 2013, there will be only limited code updates to ICD-10 code sets to capture new technologies and diagnoses as required by section 503(a) of Pub. L. 108-173
- There will be no updates to ICD-9-CM, as it will no longer be used for reporting
- On October 1, 2014, regular updates to ICD-10 will begin



ICD-10 CM Resources - References

- 2010 ICD-10-CM available at:
<http://www.cdc.gov/nchs/about/otheract/icd9/icd10cm.htm>
- 2010 ICD-10-CM Index to Diseases & Injuries
- 2010 ICD-10-CM Tabular List of Diseases and Injuries (with/instructional notations)
- 2010 Official Guidelines for Coding and Reporting (Draft 2009)



Summary

- We have covered an overview of ICD-10-CM and ICD-10-PCS
- We have learned how to build a procedure code in ICD-10-PCS
- We now understand some of the coding and billing impacts
- It will require training for staff
- We know that it will be an opportunity and a challenge and that we need time to get ready



Questions?

If you have any additional questions after the Conference concludes – please direct them to the UBO Helpdesk:

(703) 575-5385 or
UBO.helpdesk@altarum.org.

